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Interim Report

Third Evaluation Round

Interim Compliance Report on the Netherlands

"Transparency of Party Funding"

Adopted by GRECO
at its 60th Plenary Meeting
(Strasbourg, 17-21 June 2013)

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I. INTRODUCTION

1. The Third Round Evaluation Report on the Netherlands was adopted at GRECO's 38th Plenary Meeting (13 June 2008) and made public on 10 September 2008, following authorisation by the Netherlands (Greco Eval III Rep (2007) 8E, Theme I and Theme II).

2. As required by GRECO's Rules of Procedure, the authorities of the Netherlands submitted a Situation Report on measures taken to implement the recommendations. GRECO selected Lithuania and Spain to appoint Rapporteurs for the compliance procedure.

3. In the first Compliance Report, which was adopted by GRECO at its 47th Plenary Meeting (7-11 June 2010) it was concluded that the Netherlands had implemented satisfactorily or dealt with in a satisfactory manner six of the nineteen recommendations contained in the Third Round Evaluation Report. As regards Theme I – Incriminations, GRECO was pleased to see that all recommendations had been implemented satisfactorily. As regards Theme II – Transparency of Party Funding, GRECO noted that the Netherlands had not been able to demonstrate that reforms with the potential of achieving an acceptable level of compliance with the pending recommendations were underway and invited the Head of the delegation of the Netherlands to submit additional information regarding the implementation of recommendations i to xiii by 31 December 2011.

4. In the second Compliance Report (adopted by GRECO at its 56th Plenary Meeting (20-22 June 2012), GRECO concluded that the Netherlands had not made any significant progress in respect of Theme II – Transparency of Party Funding as compared to the situation assessed in the first Compliance Report more than two years previously. Given the fact that none of the thirteen recommendations addressed to the country in the aforementioned area had been implemented satisfactorily or dealt with in a satisfactory manner, GRECO considered the overall response as "globally unsatisfactory" in the meaning of Rule 31, paragraph 8.3 of its Rules of Procedure. GRECO therefore decided to apply Rule 32 concerning members found not to be in compliance with the recommendations contained in the mutual evaluation report, and asked the Head of the delegation of the Netherlands to provide a report on the progress made in implementing recommendations i to xiii (Theme II – Transparency of Party Funding) by 31 December 2012. The requested information was submitted on 7 March 2013 and complemented by information received on 7 May 2013.

5. The current Interim Compliance Report, drawn up by Mr Rafael VAILLO RAMOS, Legal Advisor at the Ministry of Justice of Spain, assisted by the GRECO Secretariat, assesses the further implementation of the pending recommendations since the adoption of the first and second Compliance Reports, and performs an overall appraisal of the level of compliance with these recommendations.

II. ANALYSIS

Theme II: Transparency of Party Funding

6. It is recalled that, in its Evaluation Report in respect of Theme II, GRECO addressed thirteen recommendations to the Netherlands. All were considered as partly implemented or not implemented in the compliance procedure. It is also recalled that both Compliance Reports had focused on an examination of the draft Financing of Political Parties Act (WFPP) which was developed with a view to improving the transparency of party funding and replacing the Political

Parties Subsidisation Act from 1999[1]. The draft WFPP was approved by the House of Representatives (Lower House) on 4 April 2012 and by the Senate (Upper House) – on 27 March 2013. It entered into force on 1 May 2013.

Recommendation i.

7. *GRECO recommended to require all entities represented in parliament (political parties and other groupings) to submit an annual financial report.*

8. It is recalled that the draft WFPP obliged all political parties represented in Parliament to send their annual financial reports to the Minister of the Interior. The authorities insisted that only political parties were represented in Parliament. Other "groupings" could be established in case they splintered off from a party. Such groups, however, were not considered as constituting a separate party, provided they did not affiliate themselves with a political association with full legal capacity. They were therefore regarded as individual parliamentarians who were subject to rules on donations only in times of elections. Otherwise, pertinent regulations did not apply to them, as this would allow insight into their personal financial situation. Pending adoption of the draft WFPP, GRECO concluded that the recommendation had been partly implemented.

9. The authorities of the Netherlands now report that, pursuant to Article 25 of the newly adopted WFPP, all political parties[2] represented in Parliament are to submit their annual financial reports to the Minister of the Interior. The authorities reiterate that only political parties are now represented in Parliament. Deputies who renounce membership of a party are regarded as individual parliamentarians, and the rules on donations, including anonymous donations, prescribed by the WFPP apply to them only in times of elections.

10. GRECO recalls that after the adoption of the Evaluation Report, all political groupings represented in Parliament other than political parties had formed associations with full legal capacity.[3] It is therefore satisfied that under the new WFPP, all pertinent formations are to be treated as political parties, and no other "groupings" may be set up in Parliament. GRECO furthermore notes that all political parties represented in Parliament are now subject to annual financial reporting, while candidates in elections are bound by the rules on donations, pursuant to Article 32 WFPP.

11. GRECO concludes that recommendation i has been implemented satisfactorily.

Recommendation ii.

12. *GRECO recommended (i) to require all entities represented in parliament to report on their financial situation in appropriate detail, including information on income, expenditure, debts and assets, and (ii) to establish a standardised format (accompanied by appropriate guidelines, if necessary) for the financial reports to be submitted by all entities represented in parliament.*

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[1] According to the Evaluation Report, the main objective of the PPSA was to ensure the proper use of state subsidies provided to political parties with more than 1000 members and at least one seat in Parliament, and their youth organisations and scientific institutes. The objective of the PPSA explained the limited scope of its transparency requirements.

[2] Pursuant to article 1(a) WFPP, political party is an association, which has participated in the most recent elections to the Lower or Upper House of the States General under the name registered with the Electoral Council and which has been allocated one or more seats in those elections.

[3] See paragraph 8 of the Second Compliance Report on the Netherlands adopted in June 2012.

13. It is recalled that, in so far as the first part of the recommendation is concerned, GRECO noted that the draft WFPP had established a number of important requirements for annual financial reports of parties represented in Parliament, namely to include income, expenditure, debts and assets and be certified by an auditor. As regards the second part of the recommendation, GRECO acknowledged that the draft WFPP provided the necessary guidance to parties on the content of their annual financial reports. The draft, moreover, allowed for the setting up of criteria for the reports' structure via ministerial orders. It was noted that, in February 2012, the Minister of the Interior had sent a letter to Parliament with detailed interpretation of the aforementioned provisions. Pending adoption of the draft law, GRECO concluded that the recommendation had been partly implemented.

14. As concerns the first part of the recommendation, the authorities of the Netherlands now report that, pursuant to Article 25 of the newly adopted WFPP, prior to 1 July of each calendar year, a political party is to submit to the Minister of the Interior a financial report on the preceding year. Such a report is to provide an accurate picture of the party's financial standing and to include information on subsidies, contributions, other income, assets, expenditure and debts. The parties' income and expenditure are to be audited by an accountant. As regards the second part of the recommendation, the authorities insist that the new WFPP provides sufficient grounds for the uniform presentation of an annual financial report by political parties represented in Parliament. According to Article 27 WFPP, the structure of such reports may be further prescribed by ministerial regulation. The authorities additionally report that an information bulletin on the newly adopted WFPP explains in great detail the requirements of Article 25. In particular, it specifies that annual financial reports are to include information on membership fees, state subsidies, revenue-generating activities (such as party press, public relation agencies, etc.), donations in kind, revenues from the organisation of party events, etc.

15. GRECO notes that, pursuant to the new WFPP, all parties represented in Parliament are required to include information on income, expenditure, assets and debts in their annual financial reports. It is therefore concluded that the first part of the recommendation has been fully addressed. As concerns the second part of the recommendation, GRECO acknowledges that Article 25.1 WFPP, read in conjunction with Article 20 WFPP, enables a certain degree of uniformity in the preparation of annual financial reports and that additional criteria may be set up by means of ministerial regulation. Even though such regulation has not been adopted as yet, GRECO is satisfied that consistent requirements for the format of an annual financial report have been developed and included in the information bulletin on the new WFPP disseminated to all political parties represented in Parliament. It is concluded that the concerns expressed in the second part of the recommendation have been dealt with in a satisfactory manner.

16. GRECO concludes that recommendation ii has been implemented satisfactorily.

Recommendation iii.

17. *GRECO recommended (i) to require all entities represented in parliament to disclose, at least annually, all donations and bequests received from natural persons (including party members) and legal persons, including information on the source of these donations (at least above a certain threshold), their nature and value; (ii) to lower the current disclosure threshold of €4,537.80 for (corporate) donations in the Political Parties Subsidisation Act to an appropriate level and (iii) to prohibit donations from donors whose identity is not known to the political party/grouping/candidate.*

18. It is recalled that the draft WFPP had introduced an annual disclosure to the Minister of the Interior of monetary and in-kind donations totalling EUR 4 500 and more, provided by legal and natural persons, including members of political parties. Bequests however remained outside the coverage of the draft WFPP. As concerns the disclosure threshold for donations foreseen by the draft (EUR 4 500), it was kept at a level similar to that provided by the then effective Political Parties Subsidisation Act of 1999. Anonymous donations of up to EUR 1000 were also maintained and not subject to a recording obligation. This recommendation had therefore been considered as not implemented in the Second Compliance Report.

19. The authorities of the Netherlands now report the same information as above. Concerning bequests, they reiterate that these are not to be seen as donations in the sense of the newly adopted WFPP: effectuated following a donor's death, they bear no risks of conflicts of interest or influence in order to obtain personal benefits. As concerns the disclosure threshold of EUR 4 500, it results from a comparative analysis attempting to strike a fair balance between greater transparency of contributions, on the one hand, and placing too heavy an administrative burden on political parties, on the other. The authorities further contend that contributions of a certain value which seem to influence the opinion of a political party or which are donated for that purpose are made transparent by the WFPP, whereas contributions of a smaller value, which are not conducive to financial dependence on the donor, do not require registration. Anonymous contributions (in money and in kind) in excess of EUR 1000 may not be accepted by political parties but are to be handed over to the Minister of the Interior or destroyed. The authorities emphasise that the thresholds are laid down in the law and will be not be changed during the next few years. In five years the law will be evaluated, and, if this proves reasonable, the thresholds might be altered.

20. In so far as the first part of the recommendation is concerned, GRECO notes that the newly adopted WFPP obliges political parties to disclose to the Minister of the Interior contributions equal to EUR 4 500 and more provided by donors who are legal and natural persons, including members of political parties. The disclosure of bequests (legacies) however has remained outside the scope of the new legal act. It is concluded that this part of the recommendation has not been fully addressed. As concerns the second part of the recommendation, GRECO recalls paragraph 79 of the Evaluation Report, in which it found the current disclosure threshold to be "relatively high" and requested that it be lowered to an appropriate level. This part of the recommendation, consequently, has not been implemented. As regards the third part of the recommendation, contributions from donors whose identity is not known to political parties have still not been prohibited. GRECO recalls again that, whereas the draft WFPP available at the time of the on-site visit had banned all anonymous donations in monetary form above EUR 150 and in-kind donations over EUR 700, the subsequent drafts had raised the threshold for both monetary and in-kind anonymous donations, initially to EUR 750 and then to EUR 1 000. GRECO expresses concern over the high threshold established for the identification of donations to political parties and their affiliates, as this provides significant scope for circumventing the established caps on named donations, and diminishes the transparency of political financing. It is concluded that this part of the recommendation has therefore not been implemented.

21. GRECO concludes that recommendation iii has not been implemented.

Recommendations iv and vii.

22. *GRECO recommended (i) to extend the applicability of the future provisions on donations (and possible limits on donations) to local and regional/provincial units of political parties and (ii) to*

*ensure that the accounts of political parties are consolidated to include the accounts of local and regional/provincial units, in line with Article 11 of Recommendation Rec (2003)4 on common rules against corruption in the funding of political parties and electoral campaigns (**recommendation iv**).*

23. *GRECO recommended to take measures to enhance transparency of income and expenditure of political parties at local level (**recommendation vii**).*

24. The two recommendations had been considered as not implemented in the Second Compliance Report. GRECO noted that an amendment had been introduced in the new draft WFPP obliging national and local political parties to elaborate rules concerning donations, including provisions on their administration and disclosure. These rules, to be constituted by the parties themselves, were to apply to local and regional/provincial units of political parties with national coverage. Additionally, the Minister of the Interior had made a commitment in Parliament to assess, in co-operation with the Council of Municipalities, the possibility of drafting a model municipal regulation laying down rules aiming at greater transparency of donations received by local political parties.

25. The authorities of the Netherlands now confirm that the newly adopted WFPP only establishes rules in respect of political parties with seats in Parliament. The only exception is contained in Article 34 WFPP which obliges political parties at all levels (national, provincial and local) to introduce additional "codes for gifts" in order to determine appropriate means for the administration and disclosure of contributions. Once adopted, such "codes for gifts" would become applicable also to local and regional units of the national political parties. The authorities further report on the pledge made in Parliament by the Minister of the Interior to elaborate - as soon as possible - rules on the financing of local and regional/provincial political parties comparable to those that have been established for parties with the national coverage.

26. GRECO observes that, at present, the newly adopted WFPP does not apply to political parties' local and regional/provincial units and, according to Article 34 WFPP, the parties are to elaborate additional rules on the administration and disclosure of contributions that would apply to their local branches. GRECO fully supports the authorities' intention to develop regulations for local and regional/provincial political parties comparable to those that have been set out by the WFPP. Nevertheless, at this stage, it cannot be concluded that commensurate steps have been made by the authorities to meet the requirements of both recommendations.

27. GRECO concludes that recommendations iv and vii have not been implemented.

Recommendation v.

28. *GRECO recommended to take measures to enhance the transparency of fundraising activities by entities related, directly or indirectly, to political parties and other groupings in parliament.*

29. It is recalled that the draft WFPP had extended the requirement to register donors, donations and debts to ancillary institutions of a political party, namely scientific institutes, youth organisations and other entities carrying out activities for the benefit of a political party. Pending adoption of the draft WFPP, it had been concluded that the recommendation was partly implemented.

30. The authorities of the Netherlands now report that, pursuant to Article 30 WFPP, institutions ancillary to a political party are obliged to register their donors, donations and debts. Such institutions include, for each political party, one political science institute, one political youth

organisation, one institute for foreign activities, as well as legal entities focusing exclusively or mainly on systematic and structural performance of works or activities for the party, under the condition that the party clearly benefits therefrom. By 1 July of each calendar year, an ancillary institution is to provide the Minister of the Interior with an overview of donations equal to and exceeding EUR 4,500 and debts equal to and above EUR 25,000. The overviews are to be published by the Minister in the Official Gazette.

31. GRECO commends the authorities for following through with the reforms which are expected to bring heightened transparency in the functioning of entities related, directly or indirectly, to political parties. It is furthermore satisfied that identical disclosure requirements are now applicable in respect of political parties and their affiliated institutions.

32. GRECO concludes that recommendation v has been implemented satisfactorily.

Recommendation vi.

33. *GRECO recommended to take measures to ensure that the annual reports of political parties, as well as financial information on parties and other groupings represented in parliament currently not under any reporting requirement, are disclosed to the public.*

34. It is recalled that, under the draft WFPP, political parties represented in Parliament were to submit their annual financial reports to the Minister of the Interior which were to become public. GRECO was concerned that the draft explanatory report to the draft law, contrary to its earlier version, no longer insisted on the mandatory online publication of the reports but only regarded it as a possible option. For this reason, and the fact that the new legislation was still a draft, GRECO concluded that the recommendation had been partly implemented.

35. The authorities of the Netherlands now report that, by 1 July of each calendar year, political parties are to send their annual financial reports to the Minister of the Interior. Pursuant to Article 25(4) WFPP, "a financial report held by Our Minister will be public." The explanatory report to the new Act furthermore states that the reports will be made available on the Ministry of the Interior's web site. During the debate on the WFPP held in Parliament, the Minister of the Interior has confirmed the intention to proceed with the online publication of the reports.

36. GRECO is satisfied that the annual financial reports submitted by parties to the Minister of the Interior are public as a matter of principle and to be made available on the Ministry's web site. It additionally notes that, pursuant to Article 25(5) of the new WFPP, the overviews of donations equal to or exceeding EUR 4 500 and debts equal to and above EUR 25 000 are to be published in the Government Gazette.

37. GRECO concludes that recommendation vi has been implemented satisfactorily.

Recommendations viii and ix.

38. *GRECO recommended (i) to establish independent monitoring of political funding, including electoral campaigns, in line with Article 14 of Recommendation Rec(2003)4 and (ii) to provide the body to be entrusted with carrying out this monitoring (which is most likely to be the Electoral Council) with adequate powers and financial and human resources (**recommendation viii**).*

39. *GRECO recommended to take further measures to safeguard the independent and impartial functioning of the Electoral Council and its Secretariat in the future supervision of political finance rules (**recommendation ix**).*

40. Recommendations viii and ix had been qualified as not implemented in the Second Compliance Report. It is recalled that one of the key objectives of the earlier versions of the draft WFPP had been to entrust supervision of compliance by parties with financing rules to the Electoral Council. The most recent draft submitted to GRECO for examination had, instead, transferred these powers to the Minister of the Interior. The authorities explained that the impartial performance of duties by the Electoral Council was crucial for preserving trust in the voting process, since the Council acted as the central polling station for parliamentary elections. It was therefore inappropriate to expose the Council to situations where it had to enter into discussions over individual decisions directly with Parliament. By contrast, this was an appropriate task for the Minister of the Interior. The authorities stressed that the draft WFPP contained the necessary safeguards for its objective implementation and left no room for policy interference or prejudice by the Minister. The authorities furthermore informed of their intention to set up a commission advising the Minister on politically sensitive issues. GRECO concluded that the planned arrangements were going in the opposite direction and were not conducive to the setting up of an independent mechanism entrusted with monitoring of political financing.

41. In respect of recommendation viii, the authorities of the Netherlands now report that the supervision of financial records of political parties and their affiliated entities has been assigned to the Minister of the Interior. Additionally, a new Chapter was added to the WFPP entitled "Commission for supervision of political parties' finances" (Article 35). It prescribes that the Minister is to be aided by a commission consisting of three members appointed by him/her for a four-year period renewable twice. The commission is to advise the Minister on the imposition of sanctions provided by the WFPP for the infringement of political financing rules as well as other issues, such as appointment of legal entities as ancillary institutions of a political party and non-disclosure of personal information due to security reasons. The Minister is required to supply data enabling the proper execution of duties by the Commission, while its methods of work may be further prescribed by general administrative orders. As before, the authorities insist that the new WFPP leaves no room for policy interference or prejudice by the Minister of the Interior. They also indicate that the commission is expected to be composed of members of both coalition and opposition parties.

42. As regards recommendation ix, the authorities indicate that, since the Electoral Council has no role in the supervision of the political financing rules, this recommendation is no longer applicable.

43. GRECO takes note of the information provided. It recalls yet again Recommendation Rec(2003)4 requiring the provision of *"independent monitoring in respect of the funding of political parties and electoral campaigns", including "supervision over the accounts of political parties and the expenses involved in election campaigns as well as their presentation and publication*." It is of grave concern that the Minister of the Interior, a position pre-supposing a clear political affiliation, has been given a mandate to supervise compliance by parties with political financing rules. The setting up of an advisory commission may not be regarded as an adequate remedy since the commission is to be composed of the Minister's appointees and therefore lacks the requisite independence. Also, even if a three-member commission were to include a representative from the opposition, his/her capacity to influence the body's decision-making process is yet to be clarified. GRECO insists that the aforementioned recommendations concern essential elements of Recommendation Rec(2003)4. It therefore concludes that the regulations as provided in the

new WFPP diverge strongly from the requirements of Recommendation Rec(2003)4 on the independent monitoring body. Furthermore, information provided by the authorities does not suggest the existence of "adequate powers and financial and human resources", particularly experts on party and election campaign financing, as was requested by GRECO.

44. GRECO concludes that recommendations viii and ix have not been implemented.

Recommendation x.

45. *GRECO recommended to clearly define infringements of political finance rules and to introduce effective, proportionate and dissuasive sanctions for these infringements.*

46. It is recalled that the draft WFPP had provided for administrative fines up to the amount of EUR 25 000 for infringements, such as failure to record contributions and debts by a political party, failure to submit a financial report, and non-compliance with rules on disclosure and acceptance of anonymous donations above the established threshold. On encountering a possible criminal act, the Minister was required to inform the Public Prosecutor. The eligibility for state subsidies was to be temporarily suspended in cases involving criminal convictions. The grounds for the imposition of fines had been further clarified in a letter addressed to Parliament by the Minister of the Interior. Reportedly, it stated that the maximum fine was to be imposed in relation to a number of administrative obligations arising from the draft WFPP, such as failure to register donations and debts and to send an annual financial report to the Minister of the Interior. Several maximum penalties were to be provided for in respect of multiple violations. Pending adoption of the draft WFPP, GRECO concluded that the recommendation had been partly implemented.

47. The authorities of the Netherlands now report that the aforementioned provisions have been maintained and are included in Articles 37-39 of the newly adopted WFPP.

48. GRECO already acknowledged that the authorities of the Netherlands had shown a preference for a system of administrative fines, as opposed to criminal sanctions. It is satisfied that the new WFPP defines infringements of the political financing rules and makes them subject to specific administrative fines. The penalties may be increased in case of multiple violations. Serious infringements, which are liable to criminal sanctions, will furthermore trigger the suspension of public subsidies to a political party.

49. GRECO concludes that recommendation x has been implemented satisfactorily.

Recommendation xi.

50. *GRECO recommended to clarify the provisions on sanctions in the draft Financing of Political Parties Act, ensuring that sanctions for violations of political funding rules can be imposed upon all entities on which the draft law imposes obligations.*

51. It is recalled that Article 34 of the draft WFPP provided for sanctions on the following entities in respect of which the draft law imposed obligations: (1) political parties, (2) their affiliated institutions, (3) candidates in elections representing an entity which is not a political party, and (4) associations registered to participate in elections to Parliament, with no seats allocated to them during the most recent elections. Sanctions (administrative fines) for acts or omissions by associations or candidates were not to be imposed in cases where these were perpetrated before the date of registration of the appellation for an association or the date of nomination of the

candidate in elections. The pronouncement of fines was vested with the Minister of the Interior. Pending adoption of the draft WFPP, GRECO concluded that the recommendation had been partly implemented.

52. The authorities of the Netherlands now report that the same provision has become Article 37 of the new WFPP. The authorities reiterate that sanctions are applicable to all entities and natural persons in respect of whom the WFPP imposes obligations.

53. GRECO takes note of the wording of Article 37 of the new WFPP, namely that the (administrative) "fine will be imposed on political parties, ancillary institutions, associations (…) and candidates (…)". It concludes that the aforementioned provision of the new WFPP is fully in line with the recommendation.

54. GRECO concludes that recommendation xi has been implemented satisfactorily.

Recommendation xii.

55. *GRECO recommended (i) to introduce appropriate (flexible) sanctions for less serious violations of political financing rules, as a complement to the criminal sanctions foreseen under the draft Financing of Political Parties Act, and (ii) to consider providing the Electoral Council with the authority to impose sanctions for the less serious violations of political financing rules.*

56. It is recalled that the draft WFPP had replaced criminal sanctions with a system of administrative fines. Such fines were sufficiently flexible in order to be imposed also in respect of less serious violations of the political financing rules. It is furthermore recalled that, under previous drafts of the WFPP, it had been the Electoral Council that could sanction less serious infringements of the political financing rules. The most recent draft WFPP had transferred this competence to the Minister of the Interior. Pending adoption of the draft WFPP, GRECO had concluded that the recommendation was partly implemented.

57. The authorities of the Netherlands now report that the system of more flexible administrative fines was retained in the newly adopted WFPP. Such fines may be imposed also in respect of less serious violations of the political financing rules. In accordance with Article 37 WFPP, the fines are to be pronounced by the Minister of the Interior.

58. GRECO is satisfied that Article 37 WFPP has introduced more flexible penalties for less serious violations of the political financing rules, along the lines suggested in the recommendation. It notes that the authority in charge of imposing the fines is indeed the body responsible for political financing supervision, i.e. the Minister of the Interior which has now replaced in that function the Electoral Council, as referred to in the second part of the recommendation (cf. paragraph 41 above).

59. GRECO concludes that recommendation xii has been implemented satisfactorily.

Recommendation xiii.

60. *GRECO recommended to provide advice and training to political parties and election candidates on the applicable political funding regulations.*

61. This recommendation had been qualified as not implemented in the Second Compliance Report. It is recalled that the authorities were planning to provide relevant guidance to political parties once the draft WFPP entered into force. It was furthermore envisaged to develop, publish and widely disseminate a brochure.

62. The authorities of the Netherlands now report that, before the WFPP had entered into force, the political parties were extensively informed of its content. All political parties had received a brochure with detailed explanations of their obligations. Furthermore, officials of the Ministry of the Interior had visited party offices in order to provide further advice and information, and a meeting with the same purpose was held between the Minister of the Interior and presidents of political parties. The authorities also report that parties that are not yet represented in Parliament but enjoy support to participate in upcoming elections, will be informed about the WFPP and its requirements, to which they would become subject, prior to the next elections.

63. GRECO takes note of the information submitted by the authorities. It welcomes the publication and dissemination of the brochure as well as the organisation of a series of awareness-raising meetings with political party leadership in order to promote wider knowledge and understanding of the newly adopted WFPP.

64. GRECO concludes that recommendation xiii has been implemented satisfactorily.

III. CONCLUSIONS

65. **In view of the conclusions contained in the Third Round Compliance Reports on the Netherlands and in light of the analysis contained in the present report, GRECO concludes that the Netherlands has implemented satisfactorily or dealt with in a satisfactory manner in total fourteen out of nineteen recommendations contained in the Third Round Evaluation Reports.** With regard to Theme I – Incriminations, all recommendations were considered as implemented satisfactorily or dealt with in a satisfactory manner. In respect of Theme II – Transparency of Party Funding, eight recommendations (i, ii, v, vi, x-xiii) have now been implemented satisfactorily and five recommendations (iii, iv, vii, viii, ix) have not been implemented.

66. In so far as the transparency of political funding is concerned, GRECO welcomes the long awaited entry into force of the Financing of Political Parties Act (WFPP) which is expected to heighten substantially the degree of transparency of financial activities carried out by political parties at the national level. Thus, the WFPP has introduced a requirement on parties and their affiliates to identify and disclose donations above a certain threshold and submit annual financial reports. It has also established a flexible range of administrative fines for violations of political financing rules. Yet, GRECO remains concerned by the allocation of important supervisory powers over compliance with political financing regulations to the Minister of the Interior instead of the Electoral Council, as was the initial intention under the draft WFPP. In the opinion of GRECO, this institution, which is, moreover, to be assisted by an advisory commission appointed by the Minister, cannot be regarded as an independent monitoring body in the meaning of Recommendation Rec(2003)4 on common rules against corruption in the funding of political parties and electoral campaigns. Furthermore, GRECO observes that, at present, the scope of the WFPP does not extend to political parties operating at local and regional/provincial level, nor to local and regional/provincial units of political parties with national coverage. The non-compliance with the requirement to consolidate the accounts of parties to include the accounts of local and regional/provincial units also remains a source of concern. Lastly, the current disclosure

threshold of EUR 4,500 for donations has not been lowered to an appropriate level and remains relatively high. In conclusion, while reiterating its firm support and welcoming the important reforms carried out by the authorities, GRECO encourages them to maintain the momentum to achieve further progress in particular, in so far as the transparency of financing of local and regional/provincial political parties is concerned.

67. GRECO concludes that the current level of compliance with the recommendations is no longer "globally unsatisfactory" in the meaning of Rule 31, paragraph 8.3 of the Rules of Procedure. It therefore decides not to continue applying Rule 32 concerning members found not to be in compliance with the recommendations contained in the Evaluation Report.

68. In view of the fact that five essential recommendations concerning transparency of party funding are yet to be implemented, GRECO in accordance with Rule 31 Revised, paragraph 9 of its Rules of Procedure asks the Head of the delegation of the Netherlands to submit additional information, namely regarding the implementation of recommendations iii, iv, vii, viii and ix (Theme II – Transparency of party funding) by 31 March 2014 at the latest.

69. GRECO invites the authorities of the Netherlands to authorise, as soon as possible, the publication of the present report, to translate it into the national language and to make the translation public.